

HEALTH SERVICES AND DEVELOPMENT AGENCY
MINUTES
March 28, 2012

AGENCY MEMBERS PRESENT

Koella, Carl, III, Chair
Johnson, D. Lynn, Vice-Chair
Burns, Charlotte
Doolittle, Robert S.
Haik, Barrett, M.D.
Jordan, Lisa, designee for the Commissioner of Commerce and Insurance
Lammert, Gregory
Southwick, William
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

Gaither, Keith, designee for the TennCare Director
Wright, James

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Bobbitt, Melissa, Administrative Services Assistant III
Christoffersen, Jim, General Counsel
Craighead, Alecia, Statistical Analyst III
Farber, Mark, Assistant Executive Director
Finchum, Rhonda, Director of Administrative Services
Wells, Phil, Health Planner III

COURT REPORTER

Kidd, Ed

GUESTS PRESENT

Babbs, Janice, Vanderbilt University Medical Center
Baker, Debra, Director of Quality & Staff Development, Alexian Village of Tennessee
Booth, Tim, Regional Director of Finance, Alexian Brothers Health System
Brent, Michael D., Esq., Bradley Arant Boult Cummings, LLP
Brown, Dere, Health Planning Assistant, National HealthCare Corporation
Calendine, Chad, President, St. Thomas Outpatient Imaging
Chabrew, Jaysan, Analyst, Outpatient Imaging Affiliates, LLC
Clancy, Kelly, Vice President, External Affairs, Alexian Brothers Health System
Corritore, Danell, Director, Certificate of Need Unit, Tennessee Department of Health
Culbreath, Luann, Executive Director, Saint Thomas Health Services
Elrod, Dan H., Esq., Miller & Martin
Fox, Matthew, President/CEO, Alexian Village of Tennessee
Gaw, Mark, CFO, St. Thomas Outpatient Imaging
Gray, Clarence, CFO, Horizon Medical Center
Hilgenhurst, Debbie, Business Manager, Precision Pain Care
Hilgenhurst, Graf, M.D., Precision Pain Care
Houchin, Barbara, Executive Director, Planning, Saint Thomas Health Services

Howard, Bro. John, Community Director, Alexian Brothers Residence
Lambdin, Leeann, Planning, St. Thomas Health Services
Linn, Laura, Sr. Planning Analyst, Mountain State Health Alliance
Looney, Kim Harvey, Esq., Waller Lansden Dortch & Davis
Marshall, John, CEO, Horizon Medical Center
McMullin, DeWayne, CFO, Alexian Brothers Health System
Merville, LaDonna, Vice President, Hospital Alliance of Tennessee
Moore, Carl
Ockerman, Jeff, Director, Division of Health Planning, Tennessee Department of Finance & Administration
Phillips, Kevin, Partner, Jarrard Phillips Cate & Hancock, Inc.
Puri, Christopher, Esq., Bradley Arant Boult Cummings, LLP
Reed, Ann, R., RN, BSN, MBA, Director of Licensure, Div. of Health Care Facilities, Tenn. Dept. of Health
Standridge, Dr. John, Medical Director, Alexian Village of Tennessee
Tally, Sarah Lodge, Esq., Miller & Martin
Taylor, Jerry W., Esq., Farris, Mathews, Bobango, PLC
Trauger, Byron R., Esq., Trauger & Tuke
Turongian, John M., Vice President, Senior Ministries, Alexian Brothers Health System

Chairman Koella called the meeting to order at 8:30 a.m. in the Main Auditorium, of the AT&T Tower, Nashville, Tennessee.

Mr. Koella announced the retirement of Danell Corritore, Director, Certificate of Need Unit, Tennessee Department of Health and stated how much the Agency appreciated her years of service. Mr. Koella extended condolences to Ron Hill in the loss of his son, Eric, and requested a moment of silence in Eric's honor.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, gave a brief outline of Ms. Corritore's years of service with the State and extended well wishes with her retirement. Ms. Hill made general announcements and stated the following: Item B, NHC at Indian Path is withdrawn; applications to be heard in the upcoming meetings -- two (2) for April, eight (8) for May and possibly seven (7) for June; and the April through May or June meetings are scheduled to be held at the AT&T Tower and the remainder of the 2012 meetings will be held at Legislative Plaza.

OTHER BUSINESS

- 1) State Health Plan – Jeff Ockerman, Director, Division of Health Planning, Finance & Administration discussed the status of the state health plan.

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

Alexian Village Health and Rehabilitation Center - (Signal Mountain, Hamilton County) - Project No. CN1110-042

The replacement of the existing 114-bed nursing home. The proposed new facility will remain on the Alexian Village of Tennessee campus, moving from 671 to 622 Alexian Way, Signal Mountain (Hamilton County), TN 37377. There will be no change in the number of beds at the facility, no new services will be initiated, and no services will be discontinued. Project Cost \$22,658,154.00.

DEFERRED FROM THE JANUARY MEETING

Christopher C. Puri, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: DeWayne McMullin, CFO, Alexian Brothers Health System; and Tim Booth, Regional Director of Finance, Alexian Brothers Health System. Present in support of the project were: Dan H. Elrod, Esq.; John M. Turongian, Vice President, Senior Ministries, Alexian Brothers Health System; Dr. John Standridge, Medical Director, Alexian Village of Tennessee; Debra Baker, Director of Quality & Staff Development, Alexian Village of Tennessee; Matthew Fox, President/CEO, Alexian Village of Tennessee; Bro. John Howard, Community

Director, Alexian Brothers Residence; and Kelly Clancy, Vice President, External Affairs, Alexian Brothers Health System.

Mr. Lammert moved for approval of the project based on: 1) Need – The need has been proved by the current census and residents of the facility; 2) Economic Feasibility – The project's economic feasibility is met with cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care by improving the facility and providing better access to patients and residents that live there. Ms. Burns seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Burns, Doolittle, Lammert, Johnson, Weaver, Haik, Southwick, Koella
NAY: None

NHC at Indian Path - (Kingsport, Sullivan County) - Project No. CN1106-022

The establishment of a new thirty (30)* bed nursing home certified for Medicare participation. The project will be located in the existing building at the site of the old Indian Path Pavilion. Project Cost \$7,060,851.00.

* These beds are subject to the 125 Nursing Home Bed Pool for 2010 – 2011.

**DEFERRED FROM THE DECEMBER MEETING
WITHDRAWN**

Mr. Southwick recused.

St. Thomas Outpatient Imaging - St. Thomas - (Nashville, Davidson County) - Project No. CN1110-039

The establishment of an outpatient diagnostic center (ODC) in 7,737 gross square feet of leased space within a medical office building located on the campus of St. Thomas Hospital. The ODC will be established through construction and renovations. The facility will augment diagnostic imaging services currently provided by St. Thomas Hospital and will provide radiographic/fluoroscopic imaging, CT scanning, ultrasound imaging, and MRI services. Project Cost \$4,180,545.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Chad Calendine, M.D., President, St. Thomas Outpatient Imaging spoke on behalf of the project; and Mark Gaw, CFO, St. Thomas Outpatient Imaging was present.

Ms. Burns moved for approval of the project based on: 1) Need – The need is met as it provides more cost effective services, and better technology for the community; 2) Economic Feasibility – The project is economically feasible based upon cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care by providing better access to patients. Mr. Doolittle seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jordan, Burns, Doolittle, Lammert, Johnson, Weaver, Haik, Koella
NAY: None

Mr. Southwick recused.

St. Thomas Outpatient Imaging - Baptist - (Nashville, Davidson County) - Project No. CN1112-052

The initiation of PET/CT services and the acquisition of PET/CT equipment. If approved, Baptist Hospital will retire its PET/CT and all PET scans performed on the Baptist campus will be at St. Thomas Outpatient Imaging-Baptist. The project does not contain any other type of major medical equipment or seek to initiate any other health service. Project Cost \$895,598.00.

Sarah Lodge Tally, Esq., representing the applicant, addressed the Agency. Chad Calendine, M.D., President, St. Thomas Outpatient Imaging spoke on behalf of the project; Dan H. Elrod, Esq. and Mark Gaw, CFO, St. Thomas Outpatient Imaging were present.

Ms. Burns moved for approval of the project based on: 1) Need – The need is met as it provides more accessible cost effective services and upgraded technology; 2) Economic Feasibility – The project is economically feasible due to cash reserves being used; and 3) The project does contribute to the orderly development of adequate and effective health care by merging the modalities and providing better access for outpatient use. Mr. Lammert seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jordan, Burns, Doolittle, Lammert, Johnson, Weaver, Haik, Koella
NAY: None

GENERAL COUNSEL'S REPORT

Jim Christoffersen summarized the following CON modification requests:

Johnson County Community Hospital - (Mountain City, Johnson County) - Project No. CN0809-069A

Request for modification for the mobile MRI services limitation to increase from two (2) days per month to four (4) days per month. This project was approved on December 18, 2008 for the initiation of magnetic resonance imaging (MRI) services limited to two (2) days per month.

Dan H. Elrod, representing the applicant, addressed the Agency on behalf of the request. Laura Linn, Sr. Planning Analyst, Mountain State Health Alliance and Sarah Tally, Esq., were present.

Mr. Johnson moved for approval of the request to increase the mobile MRI service from two (2) days to four (4) days per month. Mr. Southwick seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Burns, Doolittle, Lammert, Johnson, Weaver, Haik, Southwick, Koella
NAY: None

Natchez Surgery Center - (Dickson, Dickson County) - Project No. CN1002-011A

Request of modification for extension of the expiration date for three (3) years from July 1, 2012 to July 1, 2015; a reduction in operating rooms from three (3) to two (2) and procedure rooms from three (3) to one (1); reduction in project costs by \$4,201,823 from \$13,073,892 to \$8,872,069; and a reduction in square footage by 4,965 from 15,424 to 10,459 square feet. This project was approved on May 25, 2010 for the establishment of an ambulatory surgical treatment center (ASTC) with three (3) operating rooms and three (3) procedure rooms and to change the project's organizational form to permit physician ownership. Upon approval, CN0801-001A was surrendered which was for a similar facility at this site.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency on behalf of the request. John A. Marshall, CEO, Horizon Medical Center and Clarence Gray, CFO, Horizon Medical Center were present.

Mr. Southwick moved for deferral of the request to be heard simultaneously with the relocation application of the hospital at the May meeting. Mr. Johnson seconded the motion. The motion CARRIED [8-1-0]. **DEFERRED**

AYE: Jordan, Burns, Doolittle, Johnson, Weaver, Haik, Southwick, Koella
NAY: Lammert

CONTESTED CASE

Mr. Christoffersen provided an update on contested cases.

MINUTES

The minutes of the February 22, 2012 meeting were accepted by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting adjourned.

A handwritten signature in cursive script, appearing to read "Melanie M. Hill", is written over a horizontal line.

Melanie M. Hill, Executive Director

MMH/mab